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C O N F I D E N T I A L SECTION 01 OF 02 RPO DUBAI 000497

SIPDIS

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SUBJECT: IRAN: VISA APPLICANTS IN DUBAI COMMENT ON THEIR ECONOMIC SITUATION

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CLASSIFIED BY: Alan Eyre, Director, Iran Regional Presence Office, DOS.

REASON: 1.4 (b), (d)

11. (C) SUMMARY: Iranian visa applicants in Dubai are generally from higher socioeconomic levels than average Iranians. Still, their economic situations vary significantly. Income, at the low end of the range, is roughly several hundred dollars/month for teachers, young employees, and retirees living on a pension. Mid-career professionals, small business owners, and professors typically earn up to a few thousand dollars per month. Doctors, especially medical specialists, and businessmen are at the upper end of the range, with monthly income potentially reaching into the tens of thousands of dollars. Monthly expenses range with monthly income; many applicants maintain they are able to save money each month. However, based on informal questioning, the difference between one's income and one's expenses generally doesn't allow the average applicant to save significant amounts each month. The applicants' sense of the economy and their own well-being reflect a range of factors, some specific to Iran, some not. END SUMMARY.

12. (C) Conoff queried Iranian visa applicants in Dubai regarding their economic situation during their visa

interviews. The comments included here represent the typical range of applicants.

-The wife of a pediatrician from Mashhad said their financial situation was good and said that fears of influenza were benefitting her husband's medical practice.

-A jewelry store owner in Tehran said that his customer base has dropped has 20 percent from a year ago but his overall income has remained the same because gold prices and his profit margin have increased.

-A retired Bank Tejarat employee maintained that her financial situation was quite good, relative to other Iranians. She receives a pension of 400 dollars/month, as does her retired husband. However, her husband also manages a company selling minibuses, getting an additional 1500 dollars/month. (COMMENT: It is common for retirees to continue working to supplement

their pensions. END COMMENT)

-A young drug technician working in a private Iranian hospital said he earns about 700 dollars/month. His monthly expenses tend to range from 400 dollars/month to as much as 700 dollars/month. He maintained that he was able to save money each month.

13. (C) The visa applicants' concerns about the economy probably mirror the general population. Inflation continues to be cited as a problem in Iran and applicants appear to be aware - and wary - of the government's subsidy reform plan. Applicants so far have not been supportive of the plan, but those poised to benefit from the cash handouts-Iran's poorest citizens-are underrepresented in Dubai.

-A manager of a Play-Doh factory in Tehran was apprehensive of the consequences of the subsidy reform plan. He earns about 2500 dollars/month and will not qualify for the cash payments that will replace the subsidies. He expects price increases across the board and said that he anticipates his personal monthly expenses will increase by 500 percent.

-A lawyer from Bandar Abbas was similarly opposed to the subsidy reform legislation, though his sense of the potential price increases was less dramatic; he thinks his expenses will increase by about 50 percent. He said many of his clients are opposed to the legislation and think that their financial situation is better served by keeping the subsidies in place.

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-A Tehran restaurant owner said everyone is talking about the subsidy reform plan and worried about its inflationary effects. He thinks the price of bread will more than double immediately, regardless of the government's intention to increase prices gradually.

-A widow from Tehran with income of about 800 dollars/month cited rising food prices as the most significant consequence of inflation for her.

-The retired Bank Tejarat employee cited above agreed; she said she had traveled to Paris earlier this year and before doing so made a mental note of the prices in Tehran. She claimed food to be more expensive in Tehran than it was in Paris.

-Younger applicants are also likely to cite the cost of buying a home as the most visible consequence of inflation. An employee with Ericsson earning about 2000 dollars/month said homes are very expensive, and even though prices have dropped significantly in the past year they remain high by historic standards.

-A businessman with income of about 10,000 dollars/month whose factory produces shoe soles complained that business has declined and was not optimistic about the economy improving in the near future. He cited the present political situation as

the country's primarily economic problem.

-An owner of a shipping company that transports consumer goods and steel between Europe and Iran said business had dropped about 10-15 percent from a year ago. He had few prescriptions for fixing Iran's economy and commented that the economy has too many problems, making it impossible to predict when it might improve.

-A long retired economist from the Management and Planning Organization who now teaches economic planning bemoaned the current state of the Iranian economy. He pointed to his own family as an indication of Iran's chief problem: his three children have all left Iran; one lives and works in Washington DC and two others are in Canada and the UAE. He said his children left to find freedom and better opportunities.

14. (C) COMMENT: Visa applicants have an incentive to inflate their economic wellbeing to improve their odds of receiving a visa. That said, applicants in Dubai have varied economic backgrounds and their concerns likely reflect the concerns of most Iranians. END COMMENT.  
EYRE